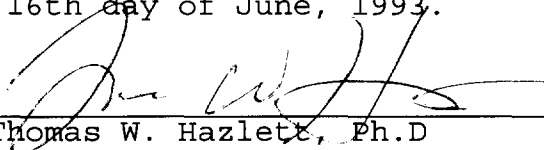


levels. To average their rates in with truly competitive ones makes no sense if the Commission seeks to establish rate benchmarks based upon competitive prices.

26. The attached summary of the Type A system survey is telling. In case after case, these low penetration systems are found to be outliers in the cable universe for reasons having nothing to do with effective competition. In virtually every instance, they exhibit large variances from national averages in variables important in suppressing cable subscribership. Most important are the high per channel prices charged by these systems. Also found, however, are below average income levels, relatively older populations, non-English speaking populations, unwired portions of the community, seasonal fluctuations of population, and reports of poor cable service. Taken together, these are compelling explanations for the low penetration rates found in Type A systems. On the other hand, if enhanced competitiveness explained low penetration rates, prices in these systems would not be higher than those charged in monopoly cable markets. Hence, meaningful competition is not a plausible explanation for the low penetration of Type A systems.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on the 16th day of June, 1993.



Thomas W. Hazlett, Ph.D
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Table 1. Cable Systems with "Penetration" Over 30 Percent. ¹		
Franchise Area	Subscribers per Homes in Franchise Area (%)	Subscribers per Homes Passed (%)
MCCLELLANVILLE, SC	16.2	30.2
WALLIS, TX	30.4	30.4
EAST BERNARD, TX	30.4	30.4
AUTAUGAVILLE, AL	25.7	30.9
LACOMB, OR	16.3	32.5
BAYAMON, PR	26.9	33.9
HOUSTON, TX	35.4	35.4
LAKE GEORGE, MI	16.8	37.4
SOMERSET, TX	28.0	37.7
SAGE TOWNSHIP, MI	21.3	39.5
MARIA STEIN, OH	29.5	48.4
WOODLAND, GA	27.0	50.0
TALBOTTON, GA	27.1	50.5
HOLLY, MI	21.3	56.5
GILPIN COUNTY, CO	7.0	63.4
MANCHESTER, GA	15.9	63.4
HASTINGS, MI	16.5	66.0
PUTNAM, NY	14.3	67.9
MORGAN COUNTY, UT	11.1	78.8
SHELBY COUNTY, IN	20.2	81.0
GREENE COUNTY, AR	1.4	86.8
PENN TOWNSHIP, PA	14.2	91.3

Table 2. Monthly Per Channel Prices. ²		
Type of System	Price of 1st + 2nd Tier Service (\$)	Difference Relative to Non-Competitive Systems (%)
Type A	0.68	+10
Type B	0.42	-32
Type C	0.39	-37
Non-Competitive	0.62	-----

¹Source: FCC Cable TV Rate Survey (1993).

²Source: FCC Cable TV Rate Survey (1993).

Table 3. Median Household Income (1992). ¹					
Franchise Area		(\$)	Franchise Area		(\$)
1	FAYETTEVILLE, TX	10,554	37	HIGHLAND PARK, MI	26,578
2	MIAMI, FL	11,052	38	SOUTH CENTRAL-UNINCORP, CA	26,828
3	KINLOCH, MO	12,252	39	WALNUT PARK, CA	27,030
4	WASHINGTON PARK, IL	13,116	40	TOLLESON, AZ	27,782
5	SURPRISE, AZ	15,454	41	DRUMMOND ISLAND, MI	28,229
6	TURRELL, AR	16,962	42	EL MONTE, CA	28,315
7	HAMTRAMCK, MI	17,180	43	CRAWFORDSVILLE, AR	28,674
8	HASTINGS, MI	17,316	44	PENN TOWNSHIP, PA	28,990
9	RIO BRAZOS PRIVATE DEVELOPMENT, NM	17,585	45	SOUTH EL MONTE, CA	29,182
10	MCCLELLANVILLE, SC	18,188	46	WALLIS, TX	29,186
11	BASSETT, AR	19,375	47	HEMPSTEAD, TX	29,258
12	SOUTH CENTRAL LOS ANGELES, CA	19,669	48	WILSON, TX	29,412
13	TALBOTTON, GA	19,936	49	PASSAIC CITY, NJ	30,204
14	SAGE TOWNSHIP, MI	20,049	50	FAIRMONT CITY, IL	30,870
15	WELLSTON, MO	20,051	51	LAKE WABAUNSEE, KS	30,906
16	DETROIT, MI	20,208	52	SANDY PINES TRAILER PARK, MI	31,648
17	AUTAUGAVILLE, AL	20,332	53	PUTNAM, NY	31,750
18	KELLETTVILLE, PA	20,337	54	CHICAGO NORTH CENTRAL, IL	32,319
19	KINGSLEY, PA	20,337	55	CHICAGO-NORTHWEST, IL	32,319
20	SOMERSET, TX	20,903	56	MARION, TX	32,781
21	ROBBINS, IL	20,991	57	HOLIDAY LAKES, TX	33,865
22	NOCTOR, KY	21,250	58	LIBERTY CITY, FL	33,971
23	EAST BERNARD, TX	21,641	59	NEEDVILLE, TX	34,471
24	MIDDLEBURG, OH	21,667	60	MACKENSIE, MO	35,029
25	MANCHESTER, GA	21,985	61	MORGAN COUNTY, UT	35,096
26	GILPIN COUNTY, CO	22,241	62	BALDWIN PARK, CA	35,961
27	HAMILTON TOWNSHIP, MI	22,446	63	SUN LAKES--MARICOPA COUNTY, AZ	36,543
28	AVONDALE, AZ	22,891	64	PHELAN, CA	38,647
29	KEO, AR	23,000	65	SHELBY COUNTY, IN	39,075
30	KEMP, TX	24,224	66	JOHNSON COUNTY, TX	39,165
31	DONNELLY, ID	24,917	67	MARIA STEIN, OH	39,495
32	WOODLAND, GA	24,997	68	HOLLY, MI	39,779
33	FRUITVALE, TX	25,093	69	GREENE COUNTY, AR	45,134
34	APACHE JUNCTION, AZ	25,103	70	KEMAH, TX	45,958
35	BELL CUDAHY, CA	25,114	71	ARTESIA, CA	59,523
36	LACOMB, OR	25,623	72	HOUSTON, TX	60,345

¹Source: National Planning Data Corporation (based on the 1990 Census).

Table 4. Median Age of Householders (1992).¹

Franchise Area		Years	Franchise Area		Years
1	BELL CUDAHY, CA	40.1	37	WELLSTON, MO	48.6
2	HOUSTON, TX	40.8	38	GREENE COUNTY, AR	49.3
3	WALNUT PARK, CA	41.2	39	HAMTRAMCK, MI	49.4
4	EL MONTE, CA	41.7	40	WOODLAND, GA	49.8
5	BALDWIN PARK, CA	41.9	41	TALBOTTON, GA	50.0
6	SOUTH EL MONTE, CA	41.9	42	WALLIS, TX	50.0
7	SOUTH CENTRAL-UNINCORP, CA	42.2	43	HEMPSTEAD, TX	50.1
8	HOLIDAY LAKES, TX	42.7	44	PUTNAM, NY	50.2
9	DETROIT, MI	42.9	45	FAIRMONT CITY, IL	50.3
10	KEMAH, TX	43.1	46	LACOMB, OR	50.3
11	AVONDALE, AZ	43.2	47	AUTAUGAVILLE, AL	50.6
12	GILPIN COUNTY, CO	43.2	48	EAST BERNARD, TX	50.8
13	SOUTH CENTRAL LOS ANGELES, CA	43.3	49	DONNELLY, ID	50.9
14	LIBERTY CITY, FL	43.7	50	WILSON, TX	51.0
15	HOLLY, MI	43.7	51	MANCHESTER, GA	51.2
16	HIGHLAND PARK, MI	44.4	52	KINLOCH, MO	51.3
17	JOHNSON COUNTY, TX	44.6	53	FRUITVALE, TX	51.8
18	SHELBY COUNTY, IN	44.9	54	MCCLELLANVILLE, SC	52.3
19	PASSAIC CITY, NJ	45.0	55	HAMILTON TOWNSHIP, MI	52.5
20	NOCTOR, KY	45.3	56	APACHE JUNCTION, AZ	52.6
21	PHELAN, CA	45.4	57	LAKE WABAUNSEE, KS	52.6
22	MIAMI, FL	45.8	58	ROBBINS, IL	52.8
23	SANDY PINES TRAILER PARK, MI	45.9	59	BASSETT, AR	53.0
24	WASHINGTON PARK, IL	46.1	60	KELLETTVILLE, PA	53.1
25	HASTINGS, MI	46.7	61	KINGSLEY, PA	53.1

Table 5. Seasonal Housing Vacancy (1990). ¹		
Franchise Area		(%)
1	KELLETTVILLE, PA	78.0
2	KINGSLEY, PA	78.0
3	DRUMMOND ISLAND, MI	64.2
4	DONNELLY, ID	62.8
5	PUTNAM, NY	62.2
6	HAMILTON TOWNSHIP, MI	49.3
7	CRAWFORDSVILLE, AR	42.1
8	SAGE TOWNSHIP, MI	40.1
9	KEMAH, TX	32.0
10	RIO BRAZOS PRIVATE DEVELOPMENT, NM	25.4
11	APACHE JUNCTION, AZ	20.4
12	FAYETTEVILLE, TX	15.2
13	KEMP, TX	15.0
14	GILPIN COUNTY, CO	13.1
15	LAKE WABAUNSEE, KS	12.5
16	SOMERSET, TX	12.0
17	SUN LAKES--MARICOPA COUNTY, AZ	11.7

¹Source: National Planning Data Corporation (based on 1990 Census).

SUMMARY OF SYSTEMS

United States (1992):

Median Household Income: \$30,056
Median Age of Householder: 44.9 years
Cable Penetration Rate: 61 percent¹
Monopoly Price Per Channel: \$0.62²

Franchise Area: Autaugaville, Alabama
Cable Operator: Com-Link Inc.
Penetration Rate: 25.7 percent³

In this area, a low median household income of \$20,332 and a median age of 50.6 years, combined with a per channel cost of \$1.75, likely account for low penetration. The cable operator reported no multi-channel video competitor in this area.⁴

Franchise Area: Apache Junction, Arizona
Cable Operator: Triax Midwest Associates
Penetration Rate: 13.1 percent

Glenn Gimbutt, the City Attorney of Apache Junction, summarized some of the reasons for low penetration in this area: "If you count only permanent homes, the penetration rate is above 30 percent, but if you count the mobile homes and park model recreational vehicles, the rate is below 30 percent. The year-round population has a below average income; it's mostly poor retired and poor blue collar." The town's median household income is \$25,103, the median age of its residents is 52.6 years and, in 1990, 20.4 percent of its housing units were vacant on a seasonal basis. The cable operator reported no multi-channel video competitor in this area.

¹NCTA, "Cable Television Developments" (June 1993) Pg. 1A.

²See Table 2.

³These monthly rates are as reported to the FCC by individual cable operators.

⁴In determining the existence of multi-channel competition in these areas we have relied on the statements which the operators made on the FCC survey. We can neither confirm nor deny their accuracy.

Franchise Area: Avondale, Arizona
Cable Operator: Insight Communications Co.
Penetration Rate: 21.1 percent

This area, described by city clerk Linda Tyler as a "low to medium income area," has a median household income of \$22,891. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Sun Lakes Maricopa County, Arizona
Cable Operator: TMCT of Louisville Inc.
Penetration Rate: 3.0 percent

The relative age of the population (66.8 years) combined with the seasonal population fluctuations (11.7 percent) helps to explain the low penetration rate. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Surprise, Arizona
Cable Operator: Times Mirror Cable of Haverhill Inc

straightforward. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Crawfordsville, Arkansas
Cable Operator: Douglas Communications Mid-South
Penetration Rate: 27.2 percent

This area is characterized by a low median household income (\$21,208) and an aging population (56.3 years). Additionally, it is an area with seasonal population fluctuations, with 42.1 percent of housing units vacant in 1990 because of seasonal use. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Greene County, Arkansas
Cable operator: Paragould Cablevision Inc.
Penetration Rate: 1.4 percent

Paragould is an overbuild system which was constructed by the municipal authority in Green County, Arkansas, in response to citizen complaints concerning the low level of service offered by the incumbent. It is not yet fully deployed, however, and if the penetration rate is calculated using percent of homes passed rather than households in the franchise area, the rate rises from 1.4 to 86.8 percent. It may be appropriate to include this system in the Commission's calculations, but on grounds other than low penetration (i.e., actual facilities based competition).

Franchise Area: Keo, Arkansas
Cable Operator: Community Communication Co.
Penetration Rate: 23.7 percent

Keo, Arkansas, is a franchise area which combines almost all of the factors we have identified. It has an older population (median age of 60.0 years), a relatively low income level (\$23,000), and a cable system with a high price per channel (\$1.56). The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Turrell, Arkansas
Cable Operator: Douglas Communications Mid-South
Penetration Rate: 30.0 percent

This area has a low median household income of \$16,962 and a price per channel of \$1.52. In addition, 12.6 percent of its housing units are without complete plumbing facilities. It also appears to have a penetration rate equal to the 30 percent threshold. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Artesia, California
Cable Operator: Insight Cable Communications
Penetration Rate: 28.2 percent

This area has a low median household income of \$16,962 and is experiencing a great deal of dissatisfaction with its cable provider. According to Assistant City Manager Alicia Ley, "there are a lot of complaints; people are not satisfied with the service." The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Baldwin Park, California
Cable Operator: UCTC of Los Angeles County
Penetration Rate: 21.4 percent

This area was described by Ellen Volmert, an Assistant to the City Manager, as a "very hard-hit area economically, one of the highest unemployment areas of Los Angeles County." Ms. Volmert also reported that the high proportion of Spanish speaking residents is also a factor contributing to low subscribership. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Bell Cudahy, California
Cable Operator: Insight Communications Co.
Penetration Rate: 11.6 percent

This is a low income area with a median income of \$25,114. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Compton, California
Cable Operator: American Cablesystems
Penetration Rate: 28.6 percent

Compton is located near South Central Los Angeles and

Franchise Area: Phelan, California
Cable Operator: Falcon Cablevision
Penetration Rate: 6.6 percent

In Phelan, California, Falcon Cablevision is licensed by the San Bernadino County government. Though the county does not require its cable operator to report the number of households it serves, Perry Daniel, the county's cable industry consultant, responded incredulously when told that the cable company had reported a penetration rate lower than 30 percent. "Those numbers just don't sound right to me," he stated. "[T]hey must have more than 30 percent, or they'd be out of business." In addition to any possible reporting problems, a price per channel of \$1.19 may well account for a unusually lower penetration rate. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: South Central Los Angeles, California
Cable Operator: Continental Cablevision
Penetration Rate: 25.7 percent

South Central Los Angeles is known to have a high crime rate and depressed economic conditions (median household income is \$19,669). The cable operator reported no multi-channel video competitor in this area.

Franchise Area: South El Monte, California
Cable Operator: American Cablesystems of California
Penetration Rate: 20.4 percent

The low penetration may be explained in part by the fact that this area has a large number of Spanish speaking residents.

Franchise Area: Walnut Park, California
Cable Operator: Consolidated Signal Corp.
Penetration Rate: 22.0 percent

This area has a poorer population (median income is \$27,030) than the national average. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Gilpin County, Colorado
Cable Operator: Pagosa Vision, Inc.
Penetration Rate: 7.0 percent

This area is divided into two separate, exclusive franchise areas served by different cable system operators. Only one of these operators, Pagosa Vision, Inc., was included in the FCC list. Susan Allen, the County Commission's Administrative Assistant, described

Gilpin County as a very rural, mountainous area divided by a state park. She cited a lack of cable availability due to Pagosa's refusal to wire communities located on the opposite side of the park, as well as complaints about Pagosa's high prices and poor programming selection as contributory factors. Ms. Allen's information about high rates as a cause of the low penetration rate is supported by a per channel price of \$1.52. Because of Pagosa's incomplete cable plant, the penetration rate, when calculated as a percentage of households in the franchise, is artificially low at 7.0 percent. When calculated as a percentage of homes passed, it rises to 63.4 percent. In addition, 13.1 percent of these homes are vacant on a seasonal basis. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Liberty City, North Dade, Florida
Cable Operator: Adelphia Cable Partners
Penetration Rate: 20.4 percent

Mario Goderich, an Administrative Assistant for Dade County, expressed some puzzlement concerning the manner in which Adelphia reported its penetration rates. Although the area in question is not contiguous with another area served by Adelphia, it is nonetheless in the same franchise area. Although the area identified by the operator has a penetration rate below 30 percent, the franchise area as a whole does not. "They have an incentive to underestimate; that's why they divided it out like that, I guess," Mr. Goderich concluded. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Miami, Florida
Cable Operator: Miami Tele-communications Inc.
Penetration Rate: 24.4 percent

Sue Smoller, Miami's Cable Communications Administrator, gave several reasons for low penetration in this system (including bad service and theft) before concluding that it is "not because of competition." In addition to service and theft problems, the median household income in this community is \$11,052 -- barely one-third the national average. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Manchester, Georgia
Cable Operator: La Grange Cablevision, Inc.
Penetration Rate: 15.9 percent

John Davidson, Manchester's City Manager, reported that low subscribership in his area was due primarily to a lack of deployment. This observation is borne out by the fact that fully

63 percent of those who have access to cable subscribe. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Talbotton, Georgia
Cable Operator: La Grange Cablevision Inc.
Penetration Rate: 27.1 percent

This area has a low median household income of \$19,936 and a median age of 50.0 years. In addition, the cable system charges high prices: \$1.14 per channel per month. The system is only partially built-out, as less than 55 percent of the community is passed by cable. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Woodland, Georgia
Cable Operator: La Grange Cablevision Inc.
Penetration Rate: 27.0 percent

A low median household income of \$24,997 and an unfinished cable plant are factors contributing to low penetration. Woodland Mayor James Carter stated that the low rate reported in his rural community may be attributed to the fact that "they [Lagrange Cablevision] haven't run lines yet" to a substantial portion of the community. The data provided in the FCC survey indicates that only 54 percent of the homes in the franchise area have access to cable. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Donnelly, Idaho
Cable Operator: Falcon Video Communications
Penetration Rate: 27.7 percent

In this area the seasonal fluctuation in population (62.8 percent) is surely a large factor contributing to low penetration, although a median age of 50.9 years may also be important. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Brooklyn, Illinois
Cable Operator: BCI
Penetration Rate: 22.5 percent

Although demographic information is not available for this community, Mayor Raymond Douglas reported that bad service is a contributing factor. According to Mayor Douglas, the cable wire throughout the city is laid "only about one inch in the ground," so that for many subscribers, "anytime you cut the grass, you cut the cable." He felt that in general, BCI provided "bad service," which

in part accounts for the low penetration rate. He conceded, however, that even with better service, only a "10 to 15 percent increase" in penetration was likely due to what he termed "the widespread poverty in the community." The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Chicago 2, Illinois
Cable Operator: Prime Cable of Chicago
Penetration Rate: 26.9 percent

It is unclear why this system has low penetration. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Chicago 3, Illinois
Cable Operator: Prime Cable of Chicago
Penetration Rate: 23.8 percent

It is unclear why this system has low penetration. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Fairmont City, Illinois
Cable Operator: Triax Midwest
Penetration Rate: 23.2 percent

This area has an extremely low per capita income (\$10,554). In addition, a price per channel of \$1.07 is well above the industry norm. Karen Manso, the town's Administrative Clerk, described the area as "about 60 percent Hispanic" and cited the lack of Spanish language programming choices as an additional factor leading to low penetration. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Robbins, Illinois
Cable Operator: US Cable of Northern Indiana
Penetration Rate: 29.6 percent

A combination of low income (a median household income of \$20,991), a relatively elderly population (median age of 52.8 years), and high cost of service (\$0.78 per channel) is likely to contribute to low penetration in this system. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Washington Park, Illinois
Cable Operator: Triax Midwest
Penetration Rate: 23.1 percent

The mayor's office in Washington Park explained that the high rates charged by Triax Midwest account for low penetration. In an area with a median household income of only \$13,116, a \$0.75 per channel price likely serves as a severe barrier to consumer acceptance. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Shelby County, Indiana
Cable Operator: SBC Cable Co.
Penetration Rate: 20.2 percent

The principal reason for a low penetration rate in this area is deployment. Only 25 percent of the homes are passed by cable. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Lake Wabaunsee, Kansas
Cable Operator: Douglas Cable Communications
Penetration Rate: 20.7 percent

This is a sparsely populated (6.0 persons per square mile) agricultural area with a relatively older population (52.6 years). The high price per channel (\$1.58) no doubt acts as a large deterrent to purchasing cable service. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Noctor, Kentucky
Cable Operator: Charter Cable Inc.
Penetration Rate: 24.5 percent

In this area, the familiar combination of low income (\$21,250) and high per channel costs (\$2.50) makes low penetration all but inevitable. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Detroit, Michigan
Cable Operator: Barden Cablevision
Penetration Rate: 28.1 percent

This system was identified by the Commission as an overbuild, and a price per channel of \$0.34 is further indication of the existence of competition. This system should probably be included in determining benchmark rates, but on grounds other than low penetration.

Franchise Area: Drummond Island, Michigan
Cable Operator: Northwoods Cable Inc.
Penetration Rate: 16.8 percent

Low household income (\$21,641), an older population, and seasonal use of homes combine to cause a low penetration rate for the cable provider. In 1990 a full 64.2 percent of homes in this area were vacant because of seasonal use, and 16 percent of homes were without complete plumbing facilities. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Hamilton Township, Michigan
Cable Operator: Bresnan Communications Co.
Penetration Rate: 25.5 percent

This is yet another franchise area where the same factors of low income, aging population, and seasonal use of homes combine to make the penetration rate low. Median household income for the area is \$17,316, and the median age of residents is 52.5 years. Seasonal use of housing left 49.3 percent of units empty at least part of the year in 1990. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Hamtramck, Michigan
Cable Operator: Omnicom of Michigan
Penetration Rate: 27.7 percent

Mike Zibrowski, Controller for the city, described his area as "a blue collar community with mainly old-timers" who "really don't have any use for cable." It has a median household income of \$17,800 and a median age of householders of 49.4 years. These factors help explain the low penetration.

Franchise Area: Hastings, Michigan
Cable Operator: North Star Cablevision
Penetration Rate: 16.5 percent

This area has a low median household income (\$17,316), and in 1990, 49.3 percent of the housing units were vacant because of seasonal use. Another reason for the low penetration rate in this area is low deployment. Only 25 percent of homes are passed by cable. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Highland Park, Michigan
Cable Operator: Tele-Media Company
Penetration Rate: 26.2 percent

This is a low income area with a median household income of \$15,454. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Holly, Michigan
Cable Operator: Comcast Cablevision

system is relatively new, having been in place only 2 years. The cable operator reported no multi-channel video competitor in this area.

Franchise area: Victoria Marshall County, Mississippi
Cable Operator: Vista Communications
Penetration Rate: 22.4 percent

Data was unavailable for this community. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Kinloch, Missouri
Cable Operator: Great Plains Cable TV
Penetration Rate: 17.4 percent

Low penetration in this area appears correlated with low income (median income is \$12,262) combined with a high price for cable service (per channel costs of \$0.82). The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Mackensie, Missouri
Cable Operator: Gencom Cable Entertainment
Penetration Rate: 27.1 percent

In a town where cable service costs \$0.77 per channel and the median age is 53.5, Mayor Turner Reid speculated that most citizens find cable service "entirely too expensive." Mayor Reid specifically denied the possibility that low penetration was the result of the availability of competitive alternatives, stating that "most people feel that the lack of competition is a problem." The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Wellston, Missouri
Cable Operator: Great Plains Cable TV
Penetration Rate: 22.2 percent

This area's low median household income (median income is \$20,051), appears to explain its low penetration. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Passaic City, New Jersey
Cable Operator: Micro-Cable Communications Corporation
Penetration Rate: 29.4 percent

There is no data available for this area. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Rio Brazos Private Development, New Mexico
Cable Operator: Red Rocks Cablevision
Penetration Rate: 6.7 percent

A very low median household income of \$17,585 and a very high price for cable service (\$7.48 per channel) are only part of the story in this area. A full 25.4 percent of the housing units are unoccupied on a seasonal basis and the median age is 53.1 years. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Putnam, New York
Cable Operator: Cablevision Industries, Inc.
Penetration Rate: 14.3 percent

This system operates in a largely seasonal community. In 1990, 62.2 percent of the housing units were seasonally vacant.

is significantly higher than the national median. Additionally, the system has been deployed past only 50 percent of the homes in the area and the \$1.00 price per channel is well above the industry norm. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Kellettville, Pennsylvania
Cable Operator: Triax Cablevision USA
Penetration Rate: 12.8 percent

In this area, low penetration must to a large extent be

Franchise Area: Bayamon, Puerto Rico
Cable Operator: Century ML Cable Corp.
Penetration Rate: 26.9 percent

Median household income in this area is less than \$13,000 and 38 percent of the population is below the poverty level. The cable operator reported no multi-channel video competitor in this area.

Franchise Area:	Vega Baja, Puerto Rico
Cable Operator:	TCI Cablevision of Puerto Rico
Penetration Rate:	20.9 percent

Median household income in this area is less than \$8,800 and more than half of the population is below the poverty level. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: McClellanville, South Carolina
Cable Operator: Genesis Cable (bought Tritex-Southern)
Penetration Rate: 6.2 percent

Low median income (\$18,188) and an older population (median age 52.3 years) are present in this market. The \$1.03 per channel cost undoubtedly acts as a deterrent to consumer acceptance.

Franchise Area: East Bernard, Texas
Cable Operator: Star Cable Associates
Penetration Rate: 30.4 percent

A combination of low median household income (\$28,315), older population (median age of 50.8 years), and high cost of service (\$1.00 per channel) helps explain the low penetration rate in this system, even though its reported penetration is above the 30 percent threshold. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Fayetteville, Texas
Cable Operator: Clyde Grisham
Penetration Rate: 19.3 percent

In this area low penetration may result from several factors. Median age is 58.0 years, 15.2 percent of its housing units are vacant at least part of the year, and it has a median income (\$25,093) which is well below the national average. According to Mayor Billy Graeter, although all of Fayetteville's 150 households are wired for cable, many residents are on fixed incomes and simply "can't afford" the service. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Fruitvale, Texas
Cable Operator: Friendship Cable of Texas
Penetration Rate: 29.0 percent

A combination of factors contributes to low penetration in this area. There is a low median household income of \$22,241 and a median age of 51.8 years, and a per channel cost of \$1.46. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Hempstead, Texas
Cable Operator: Cencom Cable
Penetration Rate: 28.5 percent

People in this rural community are not pleased with Cencom Cable, whose rates "keep going up" while its service "is out half the time," according to the local Utility Billing Clerk. Relatively low median household income (\$26,578), combined with an older population (median age is 50.1 years), and a high price per channel (\$1.04) would further account for the low penetration rate in this area. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Holiday Lakes, Texas
Cable Operator: Star Cable Associates
Penetration Rate: 21.7 percent

In this small town, Donna Brown, the City Secretary (and owner of a local grocery store), described her community as small and rural, having been incorporated only 11 years ago. Ms. Brown also reported that the town is presently recovering from substantial flooding which occurred in 1992 and damaged or destroyed 40 percent of local residences. She attributed the low penetration rate to the fact that the community is "still in a recovery period." The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Houston, Texas
Cable Operator: The Meca Corporation
Penetration Rate: 35.4 percent

This system has a penetration rate near 35 percent regardless of how the rate is computed. It reports 34,333 subscribers, 97,113 homes passed, and 97,113 homes in its franchise area. It is unclear why this system is identified as Type A.

Franchise Area: Johnson County, Texas
Cable Operator: Willow Park Cable T.V. Limited Partnership
Penetration Rate: 28.7 percent

This area was described by Mr. Natale, its City Administrator, as an area "with lots of retired folks." An average price per channel of \$0.88 indicates that high price may also be a barrier to consumer acceptance. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Kemah, Texas
Cable Operator: The Meca Corporation
Penetration Rate: 28.5 percent

There is no data available for this system, but the incumbent cable operator reported no multi-channel video competitor in this area.

Franchise Area: Kemp, Texas
Cable Operator: Northland Cable Properties Five Limited
Penetration Rate: 12.4 percent

Mayor James Stroman opined that "cost and cutback on [the number of] channels" accounted for the low penetration rate. A median age of 54.5 years and a median income of \$24,224 are also

probably contributing factors. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Marion, Texas
Cable Operator: KBL Cablesystems of the Southwest Inc.
Penetration Rate: 24.6 percent

There are no identifiable demographic factors contributing to low penetration in this area. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Needville, Texas
Cable Operator: Prime Cable
Penetration Rate: 29.1 percent

The Director of Public Works believes that dissatisfaction with the cable service contributes to the low penetration rate. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Somerset, Texas
Cable Operator: TCI Cablevision of Texas, Inc.
Penetration Rate: 28.0 percent

Somerset's City Administrator cited the low income level of area residents as a factor leading to low penetration. The median household income is just \$20,903. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Wallis, Texas
Cable Operator: Star Cable Associates
Penetration Rate: 30.4 percent

An older population (median age of 50 years) and high price for cable service (\$1.00 per channel) combine to suppress the penetration rate in this area, which is still reported to be above the 30 percent threshold. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Wilson, Texas
Cable Operator: Signet Cablevision Limited Partnership
Penetration Rate: 19.9 percent

In this area, a per channel cost of \$1.70 obviously acts to lower penetration. A median age of 51.0 years also appears to be a contributing factor. The cable operator reported no multi-channel video competitor in this area.

Franchise Area: Morgan County, Utah
Cable Operator: TCI Cablevision of Utah
Penetration Rate: 11.1 percent

Incomplete deployment (only 14 percent of the homes are passed by cable) explains the low penetration rate in this area. The cable operator reported no multi-channel video competitor in this area.